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**Presidency University**

**Bengaluru**

 **School of Management**

**Summer Term End-Term Examination - August 2024**

**Date**: 05-08- 2024

**Time**: 9:30am – 12:30pm

**Max Marks**: 100

**Weightage**: 50%

**Semester**: III

**Course Code**: MBA3031

**Course Name**: Cost and Revenue Management

**Department:** SOM

 **Instructions:**

1. *Read the all questions carefully and answer accordingly.*
2. *Do not write any information on the question paper other than roll number.*
3. *Question paper consists of 3 parts.*

**PART A**

**Answer any 10 Questions. Each question carries 3 marks. (10Qx 3M= 30)**

1. State the differences between direct and indirect materials (CO:1 Knowledge)
2. Describe out of pocket cost with examples (CO: 1 Knowledge)
3. State the different overheads (CO:1 Knowledge)
4. Identify the features of Activity Based Costing (CO:3 Knowledge)
5. Distinguish between Normal and Abnormal loss (CO:2 Knowledge)

 6. List the advantages of process costing (CO:2 Knowledge)

 7 .State the essence cost pool with an example (CO:2 Knowledge)

 8. List the significance of target costing (CO:4Knowledge)

 9. Identify the reasons for sales variance (CO:4 Knowledge)

 10. State the classification of sales variance (CO:4 Knowledge)

 11. Distinguish between cost control and cost reduction (CO:3 Knowledge)

 12. Distinguish cost of goods sold and cost of production (CO:3 Knowledge)

**PART B**

 **Answer any 4 Questions. Each question carries 10 marks. (4Qx 10M= 40)**

1. In a factory 10,000 units of product A were manufactured in the month of August 2023.From the following, prepare a cost sheet showing cost per unit. (CO:1Application)

|  |  |
| --- | --- |
| Opening stock of Raw materials  | 2,500 |
| Purchase of Raw materials | 27,500 |
| Closing stock of raw materials | 5,000 |
| Direct wages | 12,500 |
| Factory overhead | 20,000 |
| Administration overhead | 10,000 |

14. Explain the significance of cost reduction and mention important techniques used for cost reduction in a manufacturing company (CO:3Application)

 15. In Process B, 75 units of a commodity were transferred from process A at a cost of Rs.1,310. The additional expenses incurred by the process were Rs.190. 20% of the units entered are normally lost and sold at Rs 4 per unit. The output of the process was 70 units. Prepare process B account and find out the value of abnormal gain. (CO:2 Application)

1. Explain the how of activity based costing enables better costing compared to traditional method of costing. (CO:3 Application)

 17. From the following data, calculate: a) Sales price Variance, b) Sales Volume variance and

c) Sales Mix Variance (CO: 4 Application)

|  |  |  |
| --- | --- | --- |
| Product |  Standard |  Actual |
| Units | Price per unit | Units | Price per unit |
| A | 1,500 | Rs.30 | 2,000 | Rs.29 |
| B | 1,000 | Rs.50 |  700 | Rs.50 |

1. Explain the stages involved in target costing system (CO:4 Application)

**PART C**

**Answer the following Questions. (2Qx 15M= 30)**

19. The product of Govind Ltd passes through three processes, Process I, Process II and Process III for completion. The normal wastage in each process is furnished below:

|  |  |  |
| --- | --- | --- |
| Process | Wastage  | Sale value of wastage per unit |
| I | 2% | Rs.0.25 |
| II | 4% | Rs. 0.50 |
| III | 2.5% | Rs.0.60 |

|  |  |  |  |
| --- | --- | --- | --- |
| Process Expenses  | Process I Rs. | Process II Rs  | Process III Rs. |
| Materials  | 12,500 | 10,000 | 9,300 |
| Direct labour  | 16,500 | 5,400 | 4,500 |
| Manufacturing expenses  | 2,000 | 3,400 | 3,590 |
| Other factory expenses  | 3,500 | 2,000 | 2,050 |

4,000 units were initially introduced in process I at a cost of Rs 13,560. The output of each process was: Process I, 3,850 units; Process II , 3,600 units; and Process III- 3,500 units. Prepare process accounts.

 (CO:03 Analysis)

20 Jagdeesh Manufactures Ltd. furnishes the following information for 10,000 units manufactured during the year, 2023.

|  |  |
| --- | --- |
|  | Rs |
| Materials | 90000 |
| Clerical Salaries | 33,500 |
| Direct wages  | 60,000 |
| consumable stores  | 12,000  |
| Selling expenses  | 5,500 |
| Indirect wages  | 15,000 |
| Sale proceeds of scraps  |  2,000 |
| Lighting of factory |  5,500 |
| Plant repairs  |  3,000 |
| Maintenance and depreciation  | 11,500 |

The net selling price was Rs. 34 per unit and all the units were sold.

 As from 1st January, 2024 the selling price was reduced to Rs. 32.00 per unit. It was estimated that production could be increased in 2024 by utilizing 50% spare capacity. Rates for materials and direct wages will increase by 10%.

You are required to prepare: (a) Cost sheet for the year, 2023, showing various elements of cost per unit, and (b) Estimated cost & profit for 2024 assuming that 15,000 units will be produced and sold during the year. The estimated cost sheet earns the same profit as was earned in the previous year

 (CO:01 Analysis)